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Short-Run vs Long-Run Impact of COVID-19 on India's GDP

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Abstract: *The COVID-19 pandemic caused a profound disruption to India's economic growth, with sharply contrasting short-run and long-run effects on Gross Domestic Product (GDP). In the short run (2020–2021), stringent lockdowns, supply chain disruptions, and demand contraction led to one of the deepest recessions in India's history. Economic activity declined across major sectors-specially manufacturing, services, and informal enterprises-resulting in a historic GDP contraction and widespread unemployment. Studies indicate that lockdown-induced output losses, halted production, and reduced consumption significantly depressed GDP growth, with forecasts suggesting continued slowdown through 2022.*

In contrast, the long run (post-2021 recovery phase) reflects a gradual but uneven economic rebound. Government fiscal stimulus, monetary easing, and structural reforms supported recovery in investment, exports, and domestic demand. Over time, GDP growth regained momentum, driven by digitalization, resilience in agriculture, and expansion in services and manufacturing. However, the pandemic also exposed structural weaknesses—such as the vulnerability of the informal sector, rising inequality, and labour market scarring—which may constrain long-term growth potential.

Overall, while COVID-19 caused a severe short-term contraction in India's GDP, its long-term impact is mixed, characterized by recovery alongside persistent structural challenges. The pandemic has accelerated economic transformation but also highlighted the need for inclusive and resilient growth strategies..

Keywords*:* COVID-19, India, GDP, Short-run impact, Long-run impact, Service Sector, Economic growth, Industrial Sector, Economic recovery, Agriculture Sector.